



## Fighting Against Forced Labour and Child Labour in Supply Chains Act Report

<b>Legal Name of the Entity</b>	Canadian Hospital Specialties Ltd.
<b>Address</b>	Headquarter: 2060 Winston Park Drive, suite 400, Oakville, ON, L6H 5R7
<b>Business number</b>	100765890
<b>Financial Reporting Year</b>	2023
<b>Type of Entity</b>	Canadian Corporation which meets the threshold of at least \$40 M in revenue; with assets and business in Canada; and employs at least 250 employees
<b>Industry</b>	Health Care, Manufacturing, and Wholesale Trade

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## Structure, Activities and Supply Chains

Canadian Hospital Specialties Ltd. (“CHS”) is a Canadian corporation established in 1967. CHS is a privately held medical device manufacturer and specialty distributor located in Oakville, Ontario. CHS is whole owned by Flexpoint Ford, LLC, a private equity investment firm with offices in Chicago and New York and specialized in privately negotiated investments in the financial services and healthcare industries.

CHS self-manufactured products (MED-RX) and third party represented products span across clinical categories including Respiratory, Anesthesia, Perfusion, Interventional Radiology, Biopsy, Drainage, Diagnostic Imaging, Pharmacy, Vascular Access, Infection Prevention, Neuro and Cardiac Diagnostics, and General Med-Surg. The MED-RX line is produced in Oakville, ON, and is predominantly single use, disposable trays, kits, and tubing used in a variety of procedures such as IV Starts, Feeding, Biopsy, and Thoracic drainage.

All products are serviced out of four Canadian distribution facilities located in Burlington, ON, Montreal, QC, and Vancouver, BC. In recent years, CHS had expanded its operations with two new facilities in the states of Nevada and Georgia (USA).

In the year of 2023, CHS’ own manufacturing generated the revenue of \$90M dollars and \$172M dollars in the distribution of 3<sup>rd</sup> Party products imported into Canada from over 90 countries.

Our vision is to be a leading specialty medical device manufacturer and distributor of trusted solutions. CHS employs more than 250 employees within these areas and departments:

Finance

Legal

Operations

Marketing

Supply Chain

RA / QA

Sales

Business Development



## Manufacturing

CHS holds multiple certifications and licenses allowing us to be a ‘one stop shop’ for all your import/export, distribution & manufacturing needs.

This includes:

- ISO 13485:2016 & MDSAP for manufacturing in Canada and the United States
- FDA Registration
- NHP Site license for Importing
- Drug Establishment License for Importing

## Locations

- 2060 Winston Park Drive, Unit 400, Oakville, ON, L6H 5R7, Canada .....Headquarter
- 1213 International Blvd. unit 100, Burlington ON, L7L 0K3, Canada .....Warehouse
- 2760 Brighton Rd., Oakville, ON L6H 7T7, Canada ..... Manufacturing
- 215 Export Blvd, Mississauga, ON, L5S 1Y4, Canada ..... Manufacturing
- 9125 Pascal Gagnon Rue, suite 117, St. Leonard, QC H1P 1Z4, Canada.....Office and Service Centre
- 200 Kelly Drive, Peachtree City, GA 30269-1921, USA..... US office and warehouse
- 249 Freeport Blvd, Sparks, NV, 89431, USA ..... Manufacturing

## Policies and Due Diligence Processes

As a company committed to ethical business practices and human rights, we recognize the critical importance of implementing robust policies and due diligence processes to prevent forced labor and child labor within our supply chain. Although we have not yet established these specific measures, we are fully dedicated to doing so within the current year. Our plan includes developing comprehensive policies aligned with international standards, engaging with our suppliers to ensure compliance, and implementing rigorous monitoring and remediation processes. This proactive approach will not only enhance our operational integrity but also reaffirm our commitment to social responsibility and sustainable business practices.

## Forced Labour and Child Labour Risks

CHS recruiting policies are non-discriminatory and provide equal opportunities for all candidates, regardless of age, gender, ethnicity, or other protected characteristics. We maintain internal controls to ensure that all workers are hired voluntarily and we respect and enforce the minimum age requirements in compliance with international standards and local laws, ensuring no employment of individuals under the legal working age.

We have also implemented strict procedures for verifying the age of all job applicants to ensure compliance with child labor laws. Additionally, we conduct thorough background checks to prevent exploitation and ensure that recruitment practices are free from coercion or deception.

It's paramount for CHS to maintain ethical recruitment practices to provide clear, truthful information about job roles, terms of employment, wages, and working conditions during the recruitment process. Employment is always voluntary, and workers are not forced or bonded through any means.

We are in the process of implementing a supplier compliance program to ensure that they also adhere to ethical recruitment practices and comply with labor laws. We have already mapped our supply chain to include all tiers suppliers, subcontractors, and labour sources. As indicated above, CHS imports into Canada million of dollars in products from over 90 countries where our suppliers operate. As part of a supplier onboarding into our system, we conduct a background investigation to check the business legitimacy, licensing, and credit worthiness. We understand that our risk analysis does not take into account socio-economic conditions or factors such as local labour laws, but the risks are mitigated considering that most of our suppliers are introduced/connect to us through introductions from other partners who know the suppliers' background and feel comfortable to recommend them to us.

It is also important to emphasize that the medical supplies industry often involves multiple tiers of suppliers, including raw materials, components, and final assembly, which can obscure labor practices and make monitoring challenging. However, the healthcare industry is highly regulated in any country where several government bodies have the mandate to audit and inspect all organizations on a regular basis. The audits usually cover, among other things, manufacturing practices where forced or child labour could possibly be flagged by the auditors. Nevertheless, CHS will take a more comprehensive approach in regards to our suppliers to monitor their ethical labor practices.

## Remediation Measures

CHS has not taken remediation measures but will start including in our contracts provisions about anti-forced and anti-child labor with consequences for non-compliance. We will also develop a zero-tolerance policy in this regard and will make all suppliers aware of and adhere to these standards. Another important initiative for monitoring will be the development and implementation of a survey to gather information from suppliers about their compliance.

Furthermore, we buy some materials from suppliers that contain minerals, and we follow the OECD due diligence guidance on the sourcing of these materials. The most controversial conflict minerals are usually tin, tantalum, tungsten and gold which can be mined using forced labour.

We don't buy the minerals directly but ask our suppliers, which use the minerals in their products, to report the use of them if they originate from the Democratic Republic of the Congo or some other adjoining countries.

### Remediation of Loss of Income

CHS has not implemented remediation measures to address loss of income, but we do provide our employees with fair wages and safe working conditions which contributes to their economic stability. We also promote fund raising throughout the year to help families in need.

### Training

We don't have a specific training on the prevention of forced labour and child labour but will implement one in 2025. We will educate our procurement and compliance teams on identifying and addressing forced and child labour risks.

### Assessing effectiveness

As indicated above, CHS will establish a baseline assessment where we will conduct an initial assessment to understand the risks of forced and child labour in our supply chain. We will also implement a more robust audit of our suppliers to check for compliance with labour standards.

Additionally, we will monitor compliance with surveys provided to suppliers on ethical labour practices as well as internal surveys on worker satisfaction and safety perceptions.

## ATTESTATION

I, Mike Canzoneri, President and CEO of Canadian Hospital Specialties Ltd., have review this report issued in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c.9 (the “Act”), for the reporting year of 2023.

In accordance with the requirements of the Act, and in particular sections 11 and 13 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



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Mike Canzoneri

President and CEO

May 30<sup>th</sup>, 2024

I have the authority to bind Canadian Hospital Specialties, Ltd.